

Message Text

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46

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 EURE-00 NEA-10 AID-20 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00

XMB-07 OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01

AGR-20 NSC-07 SS-20 STR-08 CEA-02 FS-01 ABF-01 IO-14

DODE-00 PM-07 H-03 L-03 PA-04 PRS-01 USIA-15 SAJ-01

SAM-01 PPT-02 SCA-01 DRC-01 /235 W

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P R 081720Z MAR 74

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 3637

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMCONSUL GENOA

AMCONSUL FLORENCE

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMCONSUL MILAN

AMCONSUL NAPLES

AMEMBASSY OTTAWA

AMCONSUL PALERMO

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMCONSUL TRIESTE

AMCONSUL TURIN

40TH TAC GP FAF AVIANO

6917 RSM BRINDISI

COMSIXTHFLT GAETA

USS HOWARD W GILMORE

USCINCUSAREUR HEIDELBERG

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DIVENGR USAEDM LEGHORN

NAF SIGONELLA
NAVSUPPACT NAPLES
COMSERFORSIXTHFLT NAPLES
USCINCEUR VAIHINGEN
COMPTROLLER USASETAF VICENZA
CINCSOUTH NAPLES
CMDR EUREXCSERVICE FOR ITALY VICENZA
DIR PROC&PROD ITADJUSTMENT WIESBADEN
CINCUSAFE RAMSTEIN
FIN & ACC OFF ZWIEBRUECKEN

UNCLAS ROME 3302

E.O. 11652: N/A
TAGS: EFIN, IT
SUBJ: TIGHTER CONTROLS ON LIRA CURRENCY IMPORTS AND EXPORTS

PASS TREASURY AND FRB

1. ITALIAN MONETARY AUTHORITIES HAVE NOW RESTRICTED IMPORTS AND EXPORTS OF ITALIAN CURRENCY BY ITALIAN OR FOREIGNERS TO 20,000 LIRE PER BORDER CROSSING. MAIN PURPOSES OF MEASURE ARE TO LIMIT LOSS OF FOREIGN CURRENCY RECEIPTS RESULTING FROM PURCHASE OF LIRE ABROAD BY FOREIGN TOURISTS COMING TO ITALY AND OUTFLOW OF CAPITAL IN FORM OF ITALIAN BANKNOTES. RESTRICTION IS ALSO SAID TO BE AIMED AT MEETING TERMS SET BY IMF IN ORDER TO GRANT ITALY PROPOSED DLR 1.2 BILLION STANDBY.

2. RESTRICTION DOES NOT AFFECT IMPORTS AND EXPORTS OF FOREIGN CURRENCIES, EXCEPT THAT LIMIT OF 500,000 LIRE EQUIVALENT IN FOREIGN CURRENCY PER PERSON PER TRIP FOR ITALIAN TOURISTS GOING ABROAD MUST NOW BE RECORDED IN ITALIAN RESIDENTS' PASSPORTS. (WE UNDERSTAND THAT ITALIANS MAY NO LONGER OPT TO TAKE OUT 500,000 LIRE IN LIRE; I.E., THAT 20,000 LIRE LIMIT ALSO APPLIES TO ITALIAN TOURIST ALLOCATION.) ALTHOUGH PRESENT REGULATIONS PLACE NO LIMITS ON IMPORTS OF FOREIGN CURRENCY BY NON-RESIDENTS, TECHNICALLY NON-RESIDENTS ARE REQUIRED TO DECLARE AMOUNT OF FOREIGN CURRENCY IMPORTED UPON ENTRY, IN ORDER TO BE ABLE TO EXPORT THIS AMOUNT OF FOREIGN CURRENCY. IN PRACTICE, THIS CONTROL HAS BEEN APPLIED IN VERY LAX MANNER.

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3. PRESS POINTS OUT THAT, AT PRESENT, ITALIAN TRAVELLING TO EC COUNTRIES DO NOT NEED PASSPORTS. THUS, NEW REQUIREMENT FOR RECORDING FOREIGN EXCHANGE PURCHASES, IN PRACTICE, MAY ALSO FORCE ITALIANS TRAVELLING TO THOSE COUNTRIES TO OBTAIN PASSPORTS.

4. MEASURE HAS HAD IMMEDIATE EFFECT ON ORDINARY FINANCIAL LIRA RATE, WHOSE AVERAGE AT CLOSING FOR MILAN AND ROME MARCH 8

WAS 679.75 LIRE PER DOLLAR COMPARED TO AVERAGE CLOSING RATE OF
700.10 ON MARCH 7. (EFFECT ON FOREIGN BANKNOTE VERSION OF
FINANCIAL RATE NOT YET AVAILABLE.VOLPE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DOLLAR, EXPORTS, IMPORTS, LIRA, BANK NOTES, FOREIGN EXCHANGE CONTROLS, FOREIGN EXCHANGE, FOREIGN EXCHANGE RATES, CURRENCY CONTROLS, CURRENCY STABIL ITY, TOURISTS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ROME03302
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740357/aaaacbhj.tel
Line Count: 118
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 15 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 JUL 2002 by elbezefj>; APPROVED <16 JUL 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TIGHTER CONTROLS ON LIRA CURRENCY IMPORTS AND EXPORTS PASS TREASURY AND FRB
TAGS: EFIN, IT
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005